

**MARKET CONDUCT TARGET EXAM REPORT**

**HIPUTAH  
ADMINISTERED BY SELECTHEALTH**

**As of:  
April 30, 2007**

**CONDUCTED BY:  
UTAH INSURANCE DEPARTMENT**

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September 11, 2007

Honorable D Kent Michie  
Insurance Commissioner  
Utah Insurance Department  
State Office Building, Room 3110  
Salt Lake City, UT 84114

Pursuant to Utah Code Ann. (U.C.A.) § 31A-2-203 and a Notice of Examination, which was duly served, a limited scope market conduct examination of SelectHealth (HIPUTAH) was conducted at the office of the Utah Insurance Department by the market conduct examiner(s).

This report is herein respectfully submitted.

## **GENERAL INFORMATION**

### **LICENSEE(S) EXAMINED**

SelectHealth as administrator of the HIPUTAH contract.

### **EXAMINERS**

Examiner-in-Charge: Brian W. Hansen, AIE, FLMI, CFE, Utah Insurance Department  
Assisting Examiner: Sandra Halladay, Utah Insurance Department

### **FORWARD**

A market conduct examination report is, in general, a report by exception. Reference to licensee practices, procedures, or files subject to review may be omitted if the examination revealed no discrepancies.

### **EXAMINATION SCOPE**

Examiners representing the Utah Insurance Department conducted this examination. The scope of the examination was to determine if the licensee's operations were in compliance with provisions of the contract between HIPUTAH and SelectHealth which include:

- Claims Processing: 80% of claims are paid within 15 days of receipt, 90% of claims are paid within 30 days of receipt.
- Payment incidence accuracy: 97% of claims are paid accurately.
- Payment dollar accuracy: The average annual dollar accuracy of the claim payments is no less than 98%.
- Applications Process: 90% of applications are reviewed and processed by the underwriter within 5 business days of receipt.
- Initial Eligibility Enrollment time: 90% of the initial eligibility enrollment times are not greater than 30 days.
- ID cards: 90% are mailed within 10 business days of enrollment, 95% have information with no errors.
- Average speed to answer each phone call: 90% of calls are answered within 45 seconds.
- Abandonment rate on phone calls: Not to exceed 3%.

## **EXECUTIVE SUMMARY**

Examiners sampled claims and applications from the 6-month period of November 01, 2006 to April 30, 2007. A review of individual files verified all the above standards were met. It is recommended that SelectHealth install an age 18 standard in the system to allow them to track specific life events that may change eligibility for the HIP Pool, such as eligibility for Social Security Disability.

Other examiners/auditors, including those from the State Finance Division, reviewed the mathematical accuracy of various SelectHealth financial reports and compared those to financial reports used by HIPUTAH. Areas examined by other examiners/auditors were not included in the scope of this examination.

## **CONTRACT PERFORMANCE STANDARDS**

### **CLAIMS**

#### **Claims Processing**

##### **Standard:**

- 80% of claims paid within 15 days.
- 90% of claims paid within 30 days

SelectHealth furnished a data file of claims paid during the 6-month examination period. This database contained two separate files, one for medical claims and one for RX claims.

The above standard does not specify which types of claims are to meet this standard, only that "claims" are to meet this standard. Since the examiners were given two data bases one for medical claims and one for RX claims, two time lines were created.

## Days To Pay

In each database, a field was created consisting of the "Cdml rec date" (received date) subtracted from the "BPID Print date" (date check was printed). This showed the number of days to pay the claim. The following table shows the time to process claims:

Medical Claims Only

Days to pay	Count	Percent of Count
<15	11,630	76%
15 - 29	3,042	20%
30 - 44	342	2%
45 - 59	98	0.6%
60 - 89	84	0.5%
90 - 120	47	0.3%
>120	101	0.6%
<b>Totals</b>	<b>15,344</b>	<b>100%</b>

Medical claims processed did not meet the 15 day standard as 76% of claims were paid within 15 days, but did meet the 30 day standard as 96% of claims were paid within 30 days.

RX Claims only

Days to pay	Count	Percent of Count
<15	19,944	88%
15 - 29	2,492	11%
30 - 44	64	0.3%
45 - 59	22	0.1%
60 - 90	37	0.2%
>90	69	0.3%
	<b>22,628</b>	<b>100%</b>

RX claims met the standard as 83% of claims were paid within 15 days and 99% were paid within 30 days as per the following chart:

Medical and RX claims Combined

Days to pay	Count	Percent of Count
<15	31,571	83%
15 - 29	5,534	15%
30 - 44	406	1%
45 - 59	120	0.3%
60 - 89	120	0.3%
90 - 120	64	0.2%
>120	154	0.4%
<b>Totals</b>	<b>37,969</b>	<b>100%</b>

Both claims processing standards were met if medical and RX claims were calculated together.

#### Claims Payment Accuracy

The Utah Insurance Department was asked to sample individual claim files and determine if:

- Submitted claims were eligible for payment (established HIPUTAH participant)
- Proper amounts were paid (deductible, co-pay, per providers' contract, etc)
- Discounts were applied correctly
- Policy limit maximums and exclusions relating to pre-existing conditions were enforced
- HIPUTAH was payer of last resort

Claims were paid within the agreed upon standards.

## Payment Incidence Accuracy

Standard: 97% payment accuracy rate.

Payment accuracy is defined as the percentage of reviewed claims, after considering all the information available at the time of processing, that were correctly adjudicated according to the SelectHealth Health Plans policy and procedures.

This standard was met.

## Payment Dollar Accuracy

Payment Dollar accuracy is considered part of the Payment Accuracy Standard. SelectHealth does not report Payment Dollar accuracy separately. However, review of the files verified that claims were paid accurately.

The claim sample contained one claim where the member turned 18 and might have been eligible for Social Security Disability.

It is recommended that SelectHealth install an age 18 edit in their claim system thereby allowing SelectHealth to track specific life events that may change eligibility for the HIP Pool. A person at age 18 may qualify for SSI. Eligibility for Social Security Disability would make that person ineligible for HIPUTAH.

## APPLICATIONS

### APPLICATION PROCESS

Standard:

- 90% of applications are reviewed and processed by the underwriter within 5 business days of receipt.
- 90% of approval/denials will be communicated to applicants within 5 business days.

The application sample verified that SelectHealth met the standard.



## INITIAL ELIGIBILITY ENROLLEMENT TIME

Standard:

- 90% of the initial eligibility enrollment times are not greater than 30 days.

The application sample verified that SelectHealth met the standard.

## ID CARDS ISSUANCE AND ACCURACY

Standard: SelectHealth will agree to meet the following standard as outlined.

- 90% of ID cards mailed within 10 business days of enrollment.
- 95% of ID cards have information with no errors.

The application sample verified that SelectHealth met the standard.

## **SERVICE STANDARDS**

### AVERAGE SPEED OF ANSWER

Standard: 90% of calls are answered within 45 seconds.

SelectHealth furnished statistics showing the average phone response time. These statistics are for all SelectHealth phone calls and not just for those dealing with HIPUTAH. For calls answered in less than 30 seconds, the low was 90.5% and the high was 94.3%. The average for the six months was 92.6%. The examiners did not validate these statistics, however our experience and knowledge of phone systems led us to believe these figures are correct.

This standard was met.

### ABANDONMENT RATE

Standard: Rate not to exceed 3.0%.

The abandonment rate for this time period was 1.08% of all calls received by SelectHealth.

This standard was met.

## ADDITIONAL ITEMS

The examiners were requested to review the following additional items:

- Determine if the administrative fee paid to SelectHealth was in accordance with the administrator contract provisions
- Estimate the amount of premiums that should have been collected and compare that estimated amount to the total actual premiums collected

## ADMINISTRATION FEE

Compliance was determined by reviewing the number of enrollees in the program for each of the six months in the examination period. This number was then multiplied by the administrative fee of \$37.70 which was the per member per month contractual charge for this level of membership (between 3000 and 4000 members). The examiners calculation was then compared to the amount paid by HIPUTAH.

The administrative fee paid by HIPUTAH to SelectHealth is in accordance with contract provisions.


## PREMIUMS

The examiners compared the numbers of participants per month to the bills sent to HIPUTAH. The premiums paid for each month of the examination period were accurate.

## ACKNOWLEDGEMENT

The cooperation and assistance rendered by the officers and employees of SelectHealth during this examination is hereby acknowledged and appreciated.

Sincerely,



Brian W Hansen, AIE, FLMI, CFE  
Market Conduct Examiner  
Examiner-in-Charge  
Utah Insurance Department